



MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

501 N. WEST STREET, SUITE 1001
WOOLFOLK BUILDING
JACKSON, MISSISSIPPI 39201
www.mid.ms.gov

DAVID BROWNING
Deputy Commissioner of Insurance

MAILING ADDRESS
Post Office Box 79
Jackson, Mississippi 39205-0079
TELEPHONE: (601) 359-3569
FAX: (601) 359-2474
WATS: 1-800-562-2957 (Incoming-USA)

September 30, 2024

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Ms. Carol Pigott, CEO
Bluebonnet Life Insurance Company
3545 Lakeland Drive
Flowood, MS 39232

RE: Report of Examination as of December 31, 2022

Dear Ms. Pigott:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.

Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY


Christina J. Kelsey
General Counsel

MC/CJK/bs
Encls. Order w/exhibit



**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI**

**IN RE: REPORT OF EXAMINATION OF
BLUEBONNET LIFE INSURANCE COMPANY**

CAUSE NO. 24-7924

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner, 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011). The Commissioner, having fully considered and reviewed the Report of Examination, together with any submissions or rebuttals and any relevant portions of the examiner's work papers, makes the following findings of fact and conclusions of law, to-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011).

II.

That Bluebonnet Life Insurance Company is a Mississippi-domiciled company licensed to write Life; Accident and Health coverages.

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), called for an examination of Bluebonnet Life Insurance Company and appointed Kimberly Strong, Examiner-In-Charge, to conduct said examination.

IV.

That on or about August 28, 2024, the draft Report of Examination concerning Bluebonnet Life Insurance Company for the period of January 1, 2018, through December 31, 2022, was submitted to the Department by the Examiner-In-Charge, Kimberly Strong.

V.

That on or about September 9, 2024, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period to submit any rebuttal to the draft report. On or about September 20, 2024, the Company responded by email.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2011), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.

IT IS, THEREFORE, ORDERED, after reviewing the Report of Examination, the Company's rebuttal, and all relevant examiner work papers, that the Report of Examination of Bluebonnet Life Insurance Company, attached hereto as Exhibit "A", should be and same is hereby adopted as final.

IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential information for a period of

ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, Bluebonnet Life Insurance Company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

IT IS FURTHER ORDERED that Bluebonnet Life Insurance Company take the necessary actions and implement the necessary procedures to properly and promptly comply with all recommendations contained in the Report of Examination.

SO ORDERED, this the 30th day of September 2024.




MIKE CHANEY
COMMISSIONER OF INSURANCE
STATE OF MISSISSIPPI

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order and a copy of the final Report of Examination, as adopted by the Mississippi Department of Insurance, was sent by certified mail, postage pre-paid, return receipt requested, on this the 30th day of September 2024, to:

**Ms. Carol Pigott, CEO
Bluebonnet Life Insurance Company
3545 Lakeland Drive
Flowood, MS 39232**



Christina J. Kelsey
General Counsel

Christina J. Kelsey
General Counsel
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 9853



MISSISSIPPI INSURANCE DEPARTMENT

Report of Examination

of

BLUEBONNET LIFE INSURANCE COMPANY

as of

December 31, 2022

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**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION**

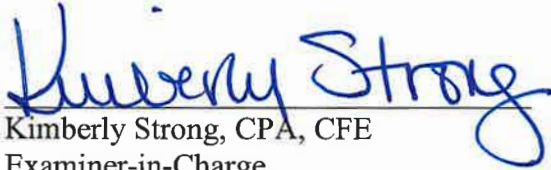
State of Mississippi,

County of Madison,

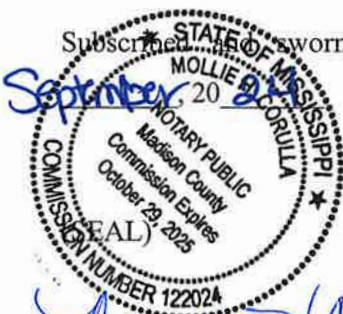
Kimberly Strong, being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of Bluebonnet Life Insurance Company as of December 31, 2022.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Bluebonnet Life Insurance Company was performed in a manner consistent with the standards and procedures required by the National Association of Insurance Commissioners and the Mississippi Insurance Department.

The affiant says nothing further.


Kimberly Strong, CPA, CFE
Examiner-in-Charge

Subscribed and sworn before me by Kimberly Strong on this 27th day of




Notary Public

My commission expires Oct 29, 2025 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

DAVID BROWNING
Deputy Commissioner of
Insurance

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FAX: (601) 573-2568

September 20, 2024

Honorable Mike Chaney
Commissioner of Insurance
Mississippi Insurance Department
1001 Woolfolk Building
501 North West Street
Jackson, Mississippi 39201

Dear Commissioner Chaney:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2022, of the affairs and financial condition of:

BLUEBONNET LIFE INSURANCE COMPANY

3545 Lakeland Drive
Flowood, MS 39232

License #	NAIC Group #	NAIC #	FEETS#	MATS
8700018	1126	68535	68535-MS-2022-7	MS-MS099-53

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 *et seq.* and was performed in Flowood, Mississippi, at the statutory home office of the Company. The report of examination is herewith submitted.

SCOPE OF EXAMINATION

We have performed a multi-state examination of Bluebonnet Life Insurance Company ("Company" or "BBLIC"). The last exam was completed as of December 31, 2017. This examination covers the period January 1, 2018 through December 31, 2022.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook*. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions, when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

There were no comments or recommendations of the Report of Examination as of December 31, 2017.

HISTORY OF THE COMPANY

The Company was incorporated under the laws of the State of Louisiana on June 11, 1984, and commenced business on that same date. The Company was originally capitalized by Louisiana Health Service Indemnity Company, d/b/a Blue Cross & Blue Shield of Louisiana (BCBSLA), with 100,000 shares of \$1.00 par value capital stock and \$1,000,000 of gross paid-in and contributed surplus.

Per the Articles of Incorporation, the Company was formed to enter into forms of insurance contracts insuring perils similar to those described within Miss. Code. Ann. § 83-19-1 "Class Two (2)(a)(b) – Life and Accident and Health", and to carry on any other business activities and financial services that an insurance company can lawfully conduct under the laws of the State of Louisiana.

On October 13, 1989, the Company was acquired by Capstone Corporation, a Mississippi for-profit holding company and wholly-owned subsidiary of Blue Cross & Blue Shield of Mississippi, a Mutual Insurance Company (BCBSMS). Shares are not actively traded and neither management nor members of the Board of Directors hold any shares of BBLIC or Capstone Corporation.

On February 18, 1997, the Board of Directors of BBLIC resolved to re-domesticate from Louisiana to Mississippi, effective at the close of business March 31, 1997. Amendments were made to the Bylaws and Articles of Incorporation, and approval was granted by the Commissioner of Insurance of the State of Mississippi for the Company to re-domesticate to Mississippi.

CORPORATE RECORDS

The minutes of the meetings of the policyholders and board of directors, prepared during the period under examination, were reviewed and appeared to be complete with regard to the matters brought up at the meetings for deliberation, which included approval of the Company's investment portfolio and actions of the Company's officers.

MANAGEMENT AND CONTROL

Stockholder

As of December 31, 2022, the Company has 600,000 shares authorized and 250,000 shares issued and outstanding of common capital stock with a par value of \$4.00 per share. The common capital stock was owned 100% by Capstone Corporation, a for-profit holding company for the interests of BCBSMS. Dividends were paid to Capstone Corporation in the amount of \$2,500,000 in 2021.

Board of Directors

The Articles of Incorporation and Bylaws vest the management and control of the Company's business affairs with the Board of Directors (Board). The members of the duly elected Board, along with their place of residence and principal occupation, at December 31, 2022, were as follows:

Name and Residence	Principal Occupation
Richard John Hale, Chairman Madison, Mississippi	Owner, RJ Farms
James Herbert Finley, Vice Chairman* Morton, Mississippi	Owner, Finley Services, LLC
Arthur Claiborne Kelly Starkville, Mississippi	Owner, Kelly Consulting Group
Carol Puckett Palmer Jackson, Mississippi	Former owner and president of The Everyday Gourmet and Everyday Gardener
Mary Carol Pigott Madison, Mississippi	President and Chief Executive Officer – Blue Cross & Blue Shield of Mississippi
Robin Young McCormick West Point, Mississippi	Partner, Watkins, Ward and Stafford, CPAs, PLLC
Dorothy Henderson Roberts Pass Christian, Mississippi	Owner, Robin's Nest in the Pass
Judson Harrold Skelton Starkville, Mississippi	Sr. Director of Real Estate Service, Mississippi State University

*Subsequent to the examination date, James Finley retired from the Board.

Committees

There were no active committees of the Board as of the examination date.

Officers

Name	Title
Mary Carol Pigott	Chief Executive Officer
Bryan Arthur Lagg	President
Cheri Denise Green	Vice President & Secretary
Jennifer Jay Allen	Treasurer

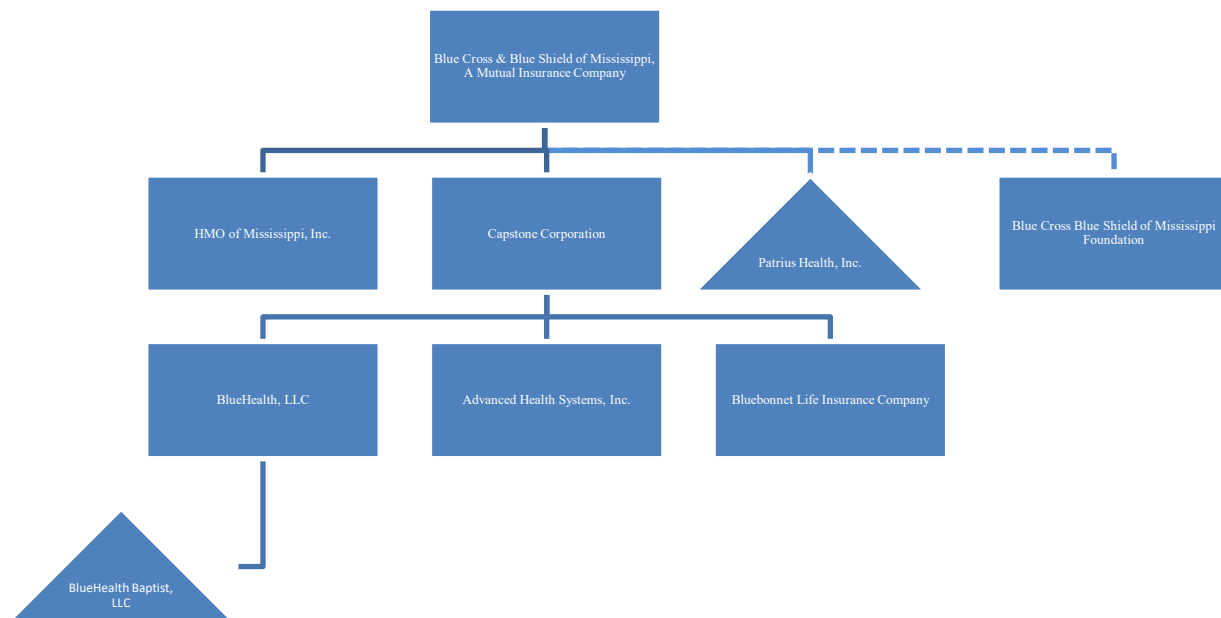
Conflict of Interest

The Company had formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with the official duties of such persons. Written statements were signed annually by all officers and members of the Board of Directors.

HOLDING COMPANY STRUCTURE

The Company is a member of an insurance holding company system as defined in Miss. Code Ann. § 83-6-1. The Company was required to file with the MID, Holding Company Registration Statements in accordance with Miss. Code Ann. §§ 83-6-5 and 83-6-9. These filings set forth material changes in structure, identity or relationships of affiliates and any material transactions by and between the Company and its affiliates.

Organizational Chart



Parent and Affiliated Companies

BLUE CROSS & BLUE SHIELD OF MISSISSIPPI, A MUTUAL INSURANCE COMPANY (BCBSMS): BCBSMS was the ultimate controlling entity and was incorporated in 1947 under the laws of the State of Mississippi. BCBSMS provided hospitalization and other health care benefits under contract to subscribers. This company also performed administrative services and processed claims for other Blue Cross & Blue Shield plans and for certain other programs.

HMO OF MISSISSIPPI, INC. (HMOMS): HMOMS, a wholly owned subsidiary of BCBSMS, was incorporated on June 21, 1995, under the laws of the State of Mississippi, as a health maintenance organization whose products are included within BCBSMS' managed care offerings.

BLUEBONNET LIFE INSURANCE COMPANY, a wholly owned subsidiary of BCBSMS, was incorporated on October 13, 1989 through a sale of Bluebonnet to Capstone Corporation (a wholly owned subsidiary of Blue Cross & Blue Shield of Mississippi) from the Louisiana Health Service & Indemnity Company.

CAPSTONE CORPORATION (CAPSTONE): Capstone, a wholly owned subsidiary of BCBSMS, was incorporated on November 2, 1984, under the laws of the State of Mississippi, as a for-profit holding company for the interests of BCBSMS.

ADVANCED HEALTH SYSTEMS, INC. (AHS): AHS, a wholly owned subsidiary of Capstone Corporation, was incorporated on December 14, 1984, under the laws of the State of Mississippi, as Automated Health Systems, Inc., with its business being the facilitation of electronic submission of claims by providers. The company's name was changed to Advanced Health Systems, Inc., and, in 1994, its business purposes were expanded to include utilization management, managed care services for clients, employers and groups; the development and maintenance of provider networks; providing health care provider management and consulting; and providing computerized information management.

BLUEHEALTH LLC: On July 6, 2020, BlueHealth, LLC was organized for the purpose of participating in all lawful business for which limited liability companies may be organized. Capstone Corporation is the sole shareholder of BlueHealth, LLC.

BLUEHEALTH BAPTIST LLC: On July 31, 2020, BlueHealth Baptist, LLC was organized to develop and operate a joint venture and to transact all lawful business in connection therewith. BlueHealth, LLC, is a Member of BlueHealth Baptist, LLC holding a 50% interest and Health Tech Affiliates, Inc. (a Baptist Memorial Health Care Corporation subsidiary) holding a 50% interest. BlueHealth Baptist, LLC opened BlueHealth Baptist (BHB), a primary care center in Madison, Mississippi in November 2021 focused on innovation and primary care of the future. BHB is dedicated to Blue Cross and Blue Shield Members and provides Blue Cross and Blue Shield Members access to comprehensive primary care in a novel, customer-centric setting to support healthy living and disease prevention.

PATRIUS HEALTH: In February 2022, the Company acquired 20% interest in Patrius Health, Inc., a Mississippi corporation, through a Stock Purchase Agreement. The acquisition was approved by the Mississippi Insurance Department on May 3, 2022. Patrius Health, Inc. provides Medicare Advantage plan options in nine Mississippi counties.

BLUE CROSS & BLUE SHIELD OF MISSISSIPPI FOUNDATION (BCBSMSFD): incorporated in 2004 as a private, Non-Profit Corporation affiliate of Blue Cross Blue & Shield of Mississippi whose purpose is to fund and support 501(c)(3) organizations and programs that positively impact the health of Mississippians.

Affiliated and Related Party Transactions

Tax Sharing Agreement with BCBSMS:

Effective January 1, 1996, the Company was a party to a Tax Sharing Agreement with BCBSMS which provided for an allocation of tax liability based on the amount of taxable income or taxable loss.

Service Agreement with Capstone Corporation:

The Company entered into a Service Agreement on January 1, 1997, with Capstone Corporation. Under the terms of this agreement, Capstone agreed to provide business services as requested to BBLIC. The services were to be provided by Capstone's parent company, BCBSMS, in compliance with a service agreement between Capstone and BCBSMS.

Property Lease with Capstone Corporation:

The Company entered into a Property Lease on January 1, 1997, with Capstone Corporation. Under the terms of this agreement, Capstone agreed to lease or sublease certain office space, furniture, fixtures, and equipment business services as requested to BBLIC. The property to be leased or subleased was provided by Capstone's parent company, BCBSMS, in compliance with a service agreement between Capstone and BCBSMS.

FIDELITY BOND AND OTHER INSURANCE

The Company's parent maintained a comprehensive corporate insurance program. This program included commercial general liability, commercial property, and cybersecurity and privacy liability, as well as other policies, as deemed appropriate by the Company's management. The Company maintained a financial institution bond with a \$5,000,000 aggregate limit of liability for the operations of BCBSMS and its subsidiaries, which exceeded the minimum fidelity coverage suggested by the NAIC for a company of this size.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company did not have any employees. Pursuant to a service agreement, the day-to-day operations of the Company were performed by BCBSMS. As such, no provision was made in the

financial statements for obligations under any benefit plan.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2022, the Company was authorized to write life and accident and health insurance in the State of Mississippi. In addition, BBLIC was licensed in the states of Alabama, Arkansas, Louisiana, and Tennessee. Approximately 99% of written premiums were in Mississippi with the remaining premiums being written in Louisiana.

GROWTH OF COMPANY

	2022	2021	2020	2019	2018
Capital and Surplus	\$ 69,425,042	\$ 66,748,399	\$ 66,455,560	\$ 63,560,907	\$ 60,915,921
Ratio of premiums to capital and surplus	0.05 to 1	0.05 to 1	0.05 to 1	0.07 to 1	0.07 to 1
Ratio of assets to liabilities	22.02 to 1	15.02 to 1	17.55 to 1	17.06 to 1	19.65 to 1
Ratio of premiums to expenses	1.60 to 1	1.47 to 1	1.47 to 1	1.44 to 1	1.66 to 1
Cash flows from operations	\$ 2,805,475	\$ 3,046,760	\$ 1,937,941	\$ 3,150,089	\$ 2,587,864
Net income (loss)	\$ 2,817,826	\$ 2,567,871	\$ 2,674,873	\$ 2,761,725	\$ 3,146,159

REINSURANCE

The Company utilized reinsurance agreements to minimize its exposure to large losses. A review of the reinsurance agreements and records revealed that the terms of the reinsurance agreements were being followed.

Ceded:

Automatic Group Reinsurance Contract with Swiss Re Life & Health America, Inc. written through Innovative Reinsurance Group

Under this agreement, BBLIC cedes Group Term Life, Voluntary Group Term Life, Group Accidental Death and Dismemberment and Voluntary Accidental Death and Dismemberment policies (including waiver of premium disability benefits).

With respect to Group Term Life insurance written by the Company, BBLIC retains 50% of the first \$30,000 per person per policy and cedes 50% of the first \$30,000 per person per policy and 100% of the excess up to \$470,000 per person per policy.

With respect to the BCBSMS employee plan, BBLIC retains 50% of the first \$30,000 per person (term and pension combined) then cedes 50% of the first \$30,000 per person per policy and 100% of the excess up to \$970,000 per person.

With respect to Voluntary Group Term Life Insurance, BBLIC retains 50% of up to \$60,000 per person (\$30,000) and cedes up to 50% of the first \$60,000 per person per policy and 100% of the excess to a maximum ceded benefit of \$220,000 per person per policy.

With respect to Group Accidental Death and Dismemberment, BBLIC cedes 100% up to a maximum of \$600,000 per person for BCBSMS employees and \$500,000 per person for all other business.

With respect to Voluntary Accidental Death and Dismemberment benefits, BBLIC cedes 100% up to a maximum of \$250,000 per person per policy.

Yearly Renewable Term Automatic Reinsurance Agreement with Swiss Re Life & Health America, Inc. written through Innovative Reinsurance Group

Under this agreement, BBLIC cedes all amounts in excess of \$30,000 up to the maximum limit of \$70,000. This agreement was originally with Connecticut General Life Insurance Company and was changed by addendum to Swiss Re in 2001. Effective July 1, 2006, the Company ceased writing this product and the contract was amended (addendum 7) to cover only in-force business as of that date.

Automatic Coinsurance Reinsurance Agreement with Swiss Re Life & Health America, Inc. written through Innovative Reinsurance Group

Under this agreement, BBLIC retains 50% of each policy related to its Blue Care products with a face value up to \$60,000 per person per policy. The reinsurer agrees to accept 50% of each policy up to \$120,000. If BBLIC has reached its maximum retention on the life as specified above, the reinsurer's percentage will automatically increase to 100%; however their limits will not exceed \$120,000.

Group Long-Term Disability Facultative Reinsurance Agreement with Sun Life Assurance Company of Canada written through Disability Reinsurance Management Services, Inc.

Under this agreement, BBLIC cedes 100% of all group long-term disability policies written by the Company. Effective July 1, 2005, the Company ceased writing this product and the contract was amended to cover only in-force business as of that date. This agreement was originally with London Life Reinsurance Company and was transferred via novation agreement to Union Security Insurance Company effective April 1, 2007. This agreement was subsequently transferred via notation agreement from Union Security Insurance Company to Sun Life Assurance Company of Canada effective April 1, 2017.

Cancer Excess Reinsurance Contract with American National Insurance Company written through Innovative Reinsurance Group

Under this contract, BBLIC retains the first \$20,000 of ultimate net loss arising out of claims incurred during the contract year and paid by the Company within 12 months after the end of the contract year. The Reinsurer is then liable for the amount by which the Company's

ultimate net loss per insured person, per contract year exceeds \$20,000, but not to exceed \$230,000 per insured lifetime. Effective June 1, 2003, the Company ceased writing this product and the contract was amended to cover only in-force business as of that date. Effective May 31, 2020, this contract terminated and the reinsurance provided ceased as of the effective date. The Reinsurer is not liable for any claims incurred on or after May 31, 2020. As of October 1, 2023, there is only one cancer policy remaining in force.

Facultative Group Long Term Disability Monthly Income Reinsurance Agreement with UNUM Life Insurance Company written through Innovative Reinsurance Group

Under this contract, BBLIC cedes 100% of all Group Long-Term Disability monthly income benefits.

ACCOUNTS AND RECORDS

The Company's 2022 trial balances were tied to the financial statements within the statutory Annual Statements filed with the MID, with no material exceptions noted. The Company was audited annually by an independent CPA firm and the Company's aggregate reserve liability was calculated by a consulting actuarial firm.

The Company is licensed as a single-line insurance company pursuant to Miss. Code Ann. § 83-19-31(a), which requires the Company to maintain a minimum capital and surplus of \$400,000 and \$600,000, respectively. Pursuant to Miss. Code Ann. § 83-5-55, the Company is required to file an NAIC Life, Accident and Health Annual Statement. The Company is also required to file risk-based capital (RBC) reports for each of its NAIC annual statement filings pursuant to Miss. Code Ann. § 83-5-401 through § 83-5-427.

STATUTORY DEPOSITS

The Company's statutory deposits with the State of Mississippi complied with Miss. Code Ann. § 83-19-31(2) and § 83-7-21. The following chart displays the Company's deposits at December 31, 2022.

Description of Security	State Deposited	Par Value
Bonds	Mississippi	\$ 875,000
Certificate of deposit	Arkansas	100,000
Total		<u><u>\$ 975,000</u></u>

FINANCIAL STATEMENTS

Introduction

The following financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2022, a Summary of Operations for year ended December 31, 2022, a Reconciliation of Capital and Surplus for the examination period ended December 31, 2022 and a Reconciliation of Examination Adjustments to Surplus at December 31, 2022.

Statement of Assets, Liabilities, Surplus and Other Funds
December 31, 2022

Assets	
Bonds	\$ 63,848,828
Stock – common stock	568,493
Cash and short-term investments	7,553,851
Due from reinsurers	83,575
Accrued investment income	433,249
Uncollected premiums	77,913
Deferred premiums	8,739
Receivables from affiliates	13,724
Commissions receivable	1,915
Other	99,260
Net deferred tax asset	38,185
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Total assets	\$ 72,727,732
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Liabilities, Surplus and Other Funds	
Aggregate reserve for life contracts	\$ 110,732
Aggregate reserve for accident and health contracts	1,116
Contract claims: life	385,258
Contract claims: accident and health	2,000
Premiums received in advance and unearned income	13,100
Interest maintenance reserve	522,310
Accrued commissions	32,452
Accounts payable and other liabilities	492,503
Asset valuation reserve	312,520
Payable to affiliates	49,083
Accrued taxes other than federal	19,210
Federal income tax payable	570,262
Unclaimed property	49,575
Due to reinsurers	107,208
Amounts withheld for others	629,363
Other	5,998
<hr/>	
Total liabilities	3,302,690
<hr/>	
Common capital stock, \$4 par value; 600,000 shares authorized; 250,000 shares issued and outstanding	1,000,000
Gross paid-in and contributed surplus	899,660
Unassigned funds (surplus)	67,525,382
Total capital, surplus and other funds	\$ 69,425,042
Total liabilities capital, surplus and other funds	\$ 72,727,732

Summary of Operations
For the examination period ended December 31, 2022

Revenue		
Premiums and other considerations	\$	3,312,534
Aggregate write ins for miscellaneous income		194,899
Net investment income		1,855,843
Amortization of interest maintenance reserve		130,430
Total income		5,493,706
Expenses		
Life and accident and health benefits	\$	835,211
Increase in aggregate reserves for life and accident and health contracts		(20,315)
Disability benefits and benefits under accident and health contracts		(965)
Commissions		510,992
General insurance expenses		577,711
Taxes, licenses and fees		158,148
Total expenses		2,060,782
Income before federal income taxes		3,432,924
Federal income taxes		630,796
Net realized capital gains		15,698
Net income		\$ 2,817,826

**Reconciliation of Capital and Surplus
For the Examination Period Ended December 31, 2022**

	2022	2021	2020	2019	2018
Capital and Surplus, December 31, prior year	\$66,748,399	\$66,455,560	\$63,560,907	\$60,915,921	\$57,209,681
Net Income	2,817,826	2,567,871	2,674,873	2,761,725	3,146,159
Change in net unrealized capital gains (losses)	(126,277)	16,742	37,370	70,817	(73,273)
Change in net deferred income tax	(11,308)	(23,086)	(55,431)	50,224	(152,920)
Change in non- admitted assets	9,012	21,655	315,943	(208,268)	727,439
Change in asset valuation reserve	(25,068)	(20,356)	(33,705)	(9,712)	(4,183)
Change in unrecognized postretirement liability	12,458	230,013	(44,397)	(19,800)	63,018
Dividends to shareholders	-	(2,500,000)	-	-	-
Capital and Surplus, December 31, current year	\$69,425,042	\$66,748,399	\$66,455,560	\$63,560,907	\$60,915,921

**RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS
DECEMBER 31, 2022**

There were no changes made to the admitted assets, liabilities or surplus balances reported by the Company for the year ended December 31, 2022. The capital and surplus, which totaled \$69,425,042 as of the examination date, was determined to be reasonably stated and in compliance with Miss. Code Ann. §83-19-31.

MARKET CONDUCT ACTIVITIES

A full market conduct examination was not conducted; however, specific areas of the market conduct activities were reviewed. The specific areas reviewed included those items as indicated below.

Privacy

Privacy notices were sent to the Company's policyholders annually.

Complaint Handling

The Company maintained complaint documentation during the period under examination. Complaints appeared to have been appropriately resolved and no policyholder abuse was noted.

Producer Appointment & Licensing

The Company appeared to have the appropriate licensure to issue its products and agents appeared to be properly licensed and appointed.

Claims

Claim files were reviewed for general indicators of policyholder treatment concerns. No significant areas of concern were noted.

Grievances

The Company maintained grievance documentation during the period under examination. Grievances appeared to have been appropriately resolved and no policyholder abuse was noted.

COMMITMENTS AND CONTINGENT LIABILITIES

Blue Cross & Blue Shield of Mississippi, A Mutual Insurance Company, BBLIC's ultimate controlling parent, is a defendant in multiple lawsuits, some of which were initially filed in 2012, against the Blue Cross Blue Shield Association (BCBSA) as well as Blue Cross and/or Blue Shield licensees across the country. The Plan is a defendant in multiple lawsuits, some of which were initially filed in 2012, against the Blue Cross Blue Shield Association (BCBSA) as well as Blue Cross and/or Blue Shield licensees across the country. The cases were consolidated into a single multi-district lawsuit, in re Blue Cross Blue Shield Antitrust Litigation, that is pending in the United States District Court for the Northern District of Alabama. Generally, the suits allege the BCBSA and the Blue plans have engaged in a conspiracy to horizontally allocate geographic markets through license agreements, best efforts rules (which limit the percentage of non-blue revenue of each plan), restrictions on acquisitions and other arrangements in violation of the Sherman Antitrust Act and related state laws. The cases were brought by two putative nationwide classes of plaintiffs: health plan subscribers, and providers. On August 9, 2022, the United States District Court entered a final order approving a class settlement of the Subscriber cases for payment of \$2.67 billion and the implementation of significant structural changes to the Blue Cross and Blue Shield Association's membership and licensing rules.

The Plan funded its portion of the Subscriber settlement in 2022, pursuant to the terms of the final order. On October 25, 2023, the Eleventh Circuit Court of Appeals affirmed the District Court's final order approving the settlement. Petitions for Writ of Certiorari were filed with the United States Supreme Court challenging the Eleventh Circuit Court of Appeals' Judgement upholding the Subscriber Settlement, which were denied on June 24, 2024.

As of December 31, 2022, the Plan has accrued a loss contingency of approximately \$24.9 million for all legal matters in which the incurred loss could be estimated. The accrued loss contingency was provided pursuant to ASC 450, *Contingencies*, based on management's best estimate of the loss that may be incurred to fully resolve this matter.

COMMENTS AND RECOMMENDATIONS

The examination did not identify any material adjustments, comments, or recommendations.

SUBSEQUENT EVENTS

Subsequent to the examination date, James Finley retired from the Board.

ACKNOWLEDGMENT

The examiners representing the Mississippi Insurance Department and participating in this examination were:


Mitch Rayborn, CFE	Administrative Examiner
Kimberly Strong, CPA, CFE	Examiner-in-charge, Harper, Rains, Knight & Co.
Steve Sartin, CISA, CRISC	IT Examiner, Harper, Rains, Knight & Co.
John Mayberry, FSA, MAAA	Examination Actuary, Lewis & Ellis
Brett Davis, CPA	Financial Examiner, Harper, Rains, Knight & Co.
Cameron Kaskocsak	Financial Examiner, Harper, Rains, Knight & Co.
Evan Ratcliff	Financial Examiner, Harper, Rains, Knight & Co.

The courteous cooperation of the officers and employees responsible for assisting in the examination is hereby acknowledged and appreciated.

Respectfully submitted,



Kimberly Strong, CPA, CFE
Examiner-in-charge



Mark Cooley, CFE
Mississippi Insurance Department Designee